

Senate Study Bill 3301

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CHAIRPERSON DVORSKY)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to economic development by creating a community
2 microenterprise development organization grant program, a
3 microenterprise development advisory committee, and a river
4 enhancement community attraction and tourism fund, and by
5 making changes to the requirements for individual development
6 accounts and making appropriations, and including effective
7 and retroactive applicability provisions.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
9 TLSB 6623XC 82
10 tw/rj/8

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1 1 DIVISION I
1 2 MICROENTERPRISE DEVELOPMENT
1 3 Section 1. Section 15.102, Code Supplement 2007, is
1 4 amended by adding the following new subsections:
1 5 NEW SUBSECTION. 1A. "Community microenterprise
1 6 development organization" means a community development,
1 7 economic development, social service, or nonprofit
1 8 organization that provides training, access to financing, and
1 9 technical assistance to microenterprises.
1 10 NEW SUBSECTION. 3A. "Microenterprise" means any business
1 11 with five or fewer employees which generally lacks collateral
1 12 and has difficulty securing financing from conventional
1 13 business lending sources. "Microenterprise" includes
1 14 start-up, home-based, and self-employed businesses.
1 15 Sec. 2. Section 15.108, subsection 7, unnumbered paragraph
1 16 1, Code Supplement 2007, is amended to read as follows:
1 17 To provide assistance to small business, targeted small
1 18 business, microenterprises, and entrepreneurs creating small
1 19 businesses to ensure continued viability and growth. To carry
1 20 out this responsibility, the department shall:
1 21 Sec. 3. NEW SECTION. 15.114 COMMUNITY MICROENTERPRISE
1 22 DEVELOPMENT ORGANIZATION GRANTS.
1 23 1. The department shall award grants to community
1 24 microenterprise development organizations. A grant shall not
1 25 be awarded to a community microenterprise development
1 26 organization unless the community microenterprise development
1 27 organization can match at least twenty percent of the funds to
1 28 be awarded. The matching funds may be from private
1 29 foundations, federal or local government funds, financial
1 30 institutions, or individuals.
1 31 2. In awarding grants to community microenterprise
1 32 development organizations, the department shall consider all
1 33 of the following:
1 34 a. The overall geographic diversity of the applicants for
1 35 grants, including both urban and rural communities.
2 1 b. The ability of a community microenterprise development
2 2 organization to provide services to low-income individuals and
2 3 underserved communities. In determining the ability to
2 4 provide services, all of the following shall be considered:
2 5 (1) The ability to identify potential microentrepreneurs
2 6 within a community.
2 7 (2) The capacity to perform client assessment and
2 8 screening.
2 9 (3) The ability to provide business training and technical
2 10 assistance, including information about access to markets,
2 11 business management, and financial literacy.
2 12 (4) The capacity to provide assistance in securing
2 13 financing.

2 14 c. The scope of services offered and the efficient
2 15 delivery of such services, especially to low-income and
2 16 minority individuals.
2 17 d. The ability to monitor the progress of clients and to
2 18 identify those clients in need of additional technical and
2 19 financial assistance.
2 20 e. The ability to build relationships and coordinate
2 21 resources with other entities supporting microentrepreneurs.
2 22 These entities may include but are not limited to community
2 23 colleges, cooperative extension services, small business
2 24 development centers, chambers of commerce, community economic
2 25 development organizations, workforce centers, and community
2 26 nonprofit service providers that serve low-income individuals.
2 27 f. The ability to coordinate activities with any targeted
2 28 small business advocate services operating in the community.
2 29 g. The amount and sufficiency of operating funds
2 30 available.

2 31 h. Any other criteria the department deems reasonable.
2 32 Sec. 4. NEW SECTION. 15.240 MICROENTERPRISE DEVELOPMENT
2 33 ADVISORY COMMITTEE.

2 34 1. The department shall establish, administer, and
2 35 regularly convene a microenterprise development advisory
3 1 committee.
3 2 2. The committee shall include at least ten but not more
3 3 than fifteen members representing government agencies,
3 4 nonprofit organizations, and private sector entities that have
3 5 expertise and a demonstrated interest in the development of
3 6 microenterprises.

3 7 3. The committee shall study and make recommendations to
3 8 the department and the general assembly on the design and
3 9 implementation of a competitive grant program in support of
3 10 community efforts to develop microenterprises within
3 11 communities with low-income and moderate-income residents.

3 12 a. The committee shall make recommendations for improving
3 13 the mechanisms for connecting community grantees with
3 14 available microenterprise and entrepreneurship resources. The
3 15 recommendations shall include standardized applications for
3 16 participation in the community microenterprise development
3 17 organization grant program and standardized applications for
3 18 obtaining funding from various state and federal
3 19 microenterprise and entrepreneurship development programs.

3 20 b. The committee shall make recommendations to grantees
3 21 regarding the development of an entrepreneurship and business
3 22 education program. The program shall be designed to enhance
3 23 entrepreneurial skills, develop business acumen, increase
3 24 marketing skills, and improve financial literacy.

3 25 c. In making its recommendations, the committee shall
3 26 focus on creating a strong network of programs and shall
3 27 ensure that the needs of both rural and urban communities are
3 28 being met.

3 29 4. The committee shall by January 31 of each year report
3 30 to the department and the general assembly on the progress of
3 31 microenterprise development in Iowa and on its recommendations
3 32 for the community microenterprise development organizations
3 33 grants program.

3 34 DIVISION II
3 35 RIVER ENHANCEMENT COMMUNITY
4 1 ATTRACTION AND TOURISM

4 2 Sec. 5. Section 15F.202, subsection 1, Code 2007, is
4 3 amended to read as follows:

4 4 1. The board shall establish and the department, subject
4 5 to direction and approval by the board, shall administer a
4 6 community attraction and tourism program to assist communities
4 7 in the development, creation, and regional marketing of
4 8 multiple-purpose attraction or tourism facilities. The
4 9 program shall include an emphasis on the creation and
4 10 enhancement of community attractions and tourism along rivers
4 11 and river corridors in cities. Any moneys appropriated to the
4 12 river enhancement community attraction and tourism fund
4 13 created pursuant to section 15F.205 shall be used exclusively
4 14 for such purposes.

4 15 Sec. 6. Section 15F.204, subsection 8, Code 2007, is
4 16 amended to read as follows:

4 17 8. a. There is appropriated from the rebuild Iowa
4 18 infrastructure fund to the community attraction and tourism
4 19 fund, the following amounts:

4 20 (1) For the fiscal year beginning July 1, 2004, and ending
4 21 June 30, 2005, the sum of twelve million dollars.

4 22 (2) For the fiscal year beginning July 1, 2005, and ending
4 23 June 30, 2006, the sum of five million dollars.

4 24 (3) For the fiscal year beginning July 1, 2006, and ending

4 25 June 30, 2007, the sum of five million dollars.
4 26 (4) For the fiscal year beginning July 1, 2007, and ending
4 27 June 30, 2008, the sum of five million dollars.
4 28 (5) For the fiscal year beginning July 1, 2008, and ending
4 29 June 30, 2009, the sum of five million dollars.
4 30 (6) For the fiscal year beginning July 1, 2009, and ending
4 31 June 30, 2010, the sum of five million dollars.
4 32 (7) For the fiscal year beginning July 1, 2010, and ending
4 33 June 30, 2011, the sum of five million dollars.
4 34 (8) For the fiscal year beginning July 1, 2011, and ending
4 35 June 30, 2012, the sum of five million dollars.

5 1 (9) For the fiscal year beginning July 1, 2012, and ending
5 2 June 30, 2013, the sum of five million dollars.

5 3 b. There is appropriated from the franchise tax revenues
5 4 deposited in the general fund of the state to the community
5 5 attraction and tourism fund, the following amounts:

5 6 (1) For the fiscal year beginning July 1, 2005, and ending
5 7 June 30, 2006, the sum of seven million dollars.

5 8 (2) For the fiscal year beginning July 1, 2006, and ending
5 9 June 30, 2007, the sum of seven million dollars.

5 10 (3) For the fiscal year beginning July 1, 2007, and ending
5 11 June 30, 2008, the sum of seven million dollars.

5 12 (4) For the fiscal year beginning July 1, 2008, and ending
5 13 June 30, 2009, the sum of seven million dollars.

5 14 (5) For the fiscal year beginning July 1, 2009, and ending
5 15 June 30, 2010, the sum of seven million dollars.

5 16 (6) For the fiscal year beginning July 1, 2010, and ending
5 17 June 30, 2011, the sum of seven million dollars.

5 18 (7) For the fiscal year beginning July 1, 2011, and ending
5 19 June 30, 2012, the sum of seven million dollars.

5 20 (8) For the fiscal year beginning July 1, 2012, and ending
5 21 June 30, 2013, the sum of seven million dollars.

5 22 Sec. 7. NEW SECTION. 15F.205 RIVER ENHANCEMENT COMMUNITY
5 23 ATTRACTION AND TOURISM FUND.

5 24 1. A river enhancement community attraction and tourism
5 25 fund is created as a separate fund in the state treasury under
5 26 the control of the board, consisting of any moneys
5 27 appropriated by the general assembly and any other moneys
5 28 available to and obtained or accepted by the board for
5 29 placement in the fund.

5 30 2. Payments of interest, repayments of moneys loaned
5 31 pursuant to this subchapter, and recaptures of grants or loans
5 32 shall be deposited in the fund.

5 33 3. The fund shall be used to provide assistance only from
5 34 funds, rights, and assets legally available to the board, and
5 35 the assistance shall be in the form of grants, loans,
6 1 forgivable loans, and credit enhancements and financing
6 2 instruments as described in the community attraction and
6 3 tourism program established in section 15F.202.

6 4 4. An applicant for financial assistance for a river
6 5 enhancement project under the community attraction and tourism
6 6 program shall receive financial assistance from the fund in an
6 7 amount not to exceed one third of the total cost of the
6 8 project.

6 9 5. Moneys in the fund are not subject to section 8.33.
6 10 Notwithstanding section 12C.7, subsection 2, interest or
6 11 earnings on moneys in the fund shall be credited to the fund.

6 12 6. At the beginning of each fiscal year, the board shall
6 13 allocate moneys in the fund for financial assistance to
6 14 projects that promote and enhance recreational opportunities
6 15 on and near rivers within cities across the state. Such
6 16 recreational opportunities shall be closely connected to a
6 17 river and may include pedestrian trails and walkways,
6 18 amphitheaters, bike trails, water trails or whitewater courses
6 19 for watercraft, and any modifications necessary for the safe
6 20 mitigation of dams.

6 21 7. The board may make a multiyear commitment to an
6 22 applicant or may award assistance for multiple projects to the
6 23 same applicant provided the fund contains sufficient moneys.
6 24 Any moneys remaining in the fund at the end of a fiscal year
6 25 may be carried over to a subsequent fiscal year, or may be
6 26 obligated in advance for a subsequent fiscal year.

6 27 8. The board is not required to award financial assistance
6 28 pursuant to this section unless moneys are appropriated to and
6 29 available from the fund.

6 30 DIVISION III
6 31 INDIVIDUAL DEVELOPMENT ACCOUNTS

6 32 Sec. 8. Section 422.7, subsection 28, paragraph b, Code
6 33 Supplement 2007, is amended to read as follows:

6 34 b. The amount of any savings refund or state match
6 35 payments authorized under section 541A.3, subsection 1.

7 1 Sec. 9. Section 541A.1, subsection 2, Code 2007, is
7 2 amended to read as follows:
7 3 2. "Administrator" means the division of community action
7 4 agencies of the department of human ~~services~~ rights.
7 5 Sec. 10. Section 541A.1, Code 2007, is amended by adding
7 6 the following new subsection:
7 7 NEW SUBSECTION. 5A. "Household income" means the annual
7 8 household income of an account holder or prospective account
7 9 holder, as determined in accordance with rules adopted by the
7 10 administrator.
7 11 Sec. 11. Section 541A.2, subsection 4, paragraph a, Code
7 12 2007, is amended by adding the following new subparagraphs:
7 13 NEW SUBPARAGRAPH. (7) A purpose approved in accordance
7 14 with rule for a refugee individual development account.
7 15 NEW SUBPARAGRAPH. (8) Purchase of an automobile.
7 16 NEW SUBPARAGRAPH. (9) Purchase of assistive technology,
7 17 home or vehicle modification, or other device or physical
7 18 improvement to assist an account holder or family member with
7 19 a disability.
7 20 NEW SUBPARAGRAPH. (10) Other purpose approved in
7 21 accordance with rule that is intended to move the account
7 22 holder or a family member toward a higher degree of
7 23 self-sufficiency.
7 24 Sec. 12. Section 541A.2, subsection 10, Code 2007, is
7 25 amended to read as follows:
7 26 10. The total amount of sources of principal which may be
7 27 in an individual development account shall be limited to ~~fifty~~
7 28 thirty thousand dollars.
7 29 Sec. 13. Section 541A.3, Code 2007, is amended to read as
7 30 follows:
7 31 541A.3 INDIVIDUAL DEVELOPMENT ACCOUNTS == REFUND STATE
7 32 MATCH AND TAX PROVISIONS.
7 33 All of the following state match and tax provisions shall
7 34 apply to an individual development account:
7 35 1. a. Payment by the state of a state savings refund
8 1 match on amounts of up to two thousand dollars ~~per calendar~~
8 2 ~~year~~ that an account holder deposits in the account holder's
8 3 account. To be eligible to receive a state match an account
8 4 holder must have a household income that is equal to or less
8 5 than two hundred percent of the federal poverty level.
8 6 b. Moneys transferred to an individual development account
8 7 from another individual development account and a ~~savings~~
8 8 ~~refund state match~~ received by the account holder in
8 9 accordance with this section shall not be considered an
8 10 account holder deposit for purposes of determining a ~~savings~~
8 11 ~~refund state match.~~
8 12 c. Payment of a ~~savings refund state match~~ either shall be
8 13 made directly to the account holder or to an operating
8 14 organization's central reserve account for later distribution
8 15 to the account holder in the most appropriate manner as
8 16 determined by the administrator.
8 17 d. ~~The Subject to the limitation in paragraph "a", the~~
8 18 ~~state savings refund match shall be the indicated percentage~~
8 19 ~~of equal to one hundred percent of the amount deposited+ by~~
8 20 ~~the account holder. However, the administrator may limit,~~
8 21 ~~reduce, delay, or otherwise revise state match payment~~
8 22 ~~provisions as necessary to restrict the payments to the~~
8 23 ~~funding available.~~
8 24 a. ~~For an account holder with a household income, as~~
8 25 ~~defined in section 425.17, subsection 6, which is one hundred~~
8 26 ~~fifty percent or less of the federal poverty level,~~
8 27 ~~twenty-five percent.~~
8 28 b. ~~For an account holder with a household income which is~~
8 29 ~~more than one hundred fifty percent but less than one hundred~~
8 30 ~~seventy-five percent of the federal poverty level, twenty~~
8 31 ~~percent.~~
8 32 c. ~~For an account holder with a household income which is~~
8 33 ~~one hundred seventy-five percent or more but not more than two~~
8 34 ~~hundred percent of the federal poverty level, fifteen percent.~~
8 35 d. ~~For an account holder with a household income which is~~
9 1 ~~more than two hundred percent of the federal poverty level,~~
9 2 ~~zero percent.~~
9 3 2. Income earned by an individual development account is
9 4 not subject to state tax, in accordance with the provisions of
9 5 section 422.7, subsection 28.
9 6 3. Amounts transferred between individual development
9 7 accounts are not subject to state tax.
9 8 4. ~~The administrator shall work with the United States~~
9 9 ~~secretary of the treasury and the state's congressional~~
9 10 ~~delegation as necessary to secure an exemption from federal~~
9 11 ~~taxation for individual development accounts and the earnings~~

~~9 12 on those accounts. The administrator shall report annually to~~
~~9 13 the governor and the general assembly concerning the status of~~
~~9 14 federal approval.~~

9 15 ~~5- 4.~~ The administrator shall coordinate the filing of
9 16 claims for a state savings refunds match authorized under
9 17 subsection 1, between account holders, ~~and operating~~
9 18 organizations, ~~and the department of administrative services.~~
9 19 Claims approved by the administrator may be paid ~~by the~~
~~9 20 department of administrative services~~ to each account holder,
9 21 for an aggregate amount for distribution to the holders of the
9 22 accounts in a particular financial institution, or to an
9 23 operating organization's central reserve account for later
9 24 distribution to the account holders depending on the
9 25 efficiency for issuing the refunds state match payments.
9 26 Claims shall be initially filed with the administrator on or
9 27 before a date established by the administrator. Claims
9 28 approved by the administrator shall be paid from the ~~general~~
~~9 29 fund of the state in the manner specified in section 422.74~~
9 30 individual development account state match fund.

9 31 Sec. 14. Section 541A.5, Code 2007, is amended to read as
9 32 follows:

9 33 541A.5 RULES.

9 34 1. The administrator commission on community action
9 35 agencies created in section 216A.92A, in consultation with the
10 1 department of administrative services, shall adopt
10 2 administrative rules to administer this chapter.

10 3 2. a. The rules adopted by the administrator commission
10 4 shall include but are not limited to provision for transfer of
10 5 an individual development account to a different financial
10 6 institution than originally approved by the administrator, if
10 7 the different financial institution has an agreement with the
10 8 account's operating organization.

10 9 b. The rules for determining household income may provide
10 10 categorical eligibility for prospective account holders who
10 11 are enrolled in programs with income eligibility restrictions
10 12 that are equal to or less than the maximum household income
10 13 allowed for payment of a state match under section 541A.3.

10 14 c. Subject to the availability of funding, the commission
10 15 may adopt rules implementing an individual development account
10 16 program for refugees. Rules shall identify purposes approved
10 17 for withdrawals to meet the special needs of refugee families.

10 18 3. The administrator shall utilize a request for proposals
10 19 process for selection of operating organizations and approval
10 20 of financial institutions.

10 21 Sec. 15. Section 541A.6, Code 2007, is amended to read as
10 22 follows:

10 23 541A.6 COMPLIANCE WITH FEDERAL REQUIREMENTS.

10 24 The administrator commission on community action agencies
10 25 shall adopt rules for compliance with federal individual
10 26 development account requirements under the federal Personal
10 27 Responsibility and Work Opportunity Reconciliation Act of
10 28 1996, } 103, as codified in 42 U.S.C. } 604(h), under the
10 29 federal Assets for Independence Act, Pub. L. No. 105=285,
10 30 Title IV, or with any other federal individual development
10 31 account program requirements, as necessary for the state to
~~10 32 qualify to use federal temporary assistance for needy families~~
~~10 33 block grant funding or other available for drawing federal~~
10 34 funding for allocation to operating organizations. Any rules
10 35 adopted under this section shall not apply the federal
11 1 individual development account program requirements to an
11 2 operating organization which does not utilize federal funding
11 3 for the accounts with which it is connected or to an account
11 4 holder who does not receive temporary assistance for needy
11 5 families block grant or other federal funding.

11 6 Sec. 16. NEW SECTION. 541A.7 INDIVIDUAL DEVELOPMENT
11 7 ACCOUNT STATE MATCH FUND.

11 8 1. An individual development account state match fund is
11 9 created in the state treasury under the authority of the
11 10 administrator. Notwithstanding section 8.33, moneys
11 11 appropriated to the fund shall not revert to any other fund.
11 12 Notwithstanding section 12C.7, subsection 2, interest or
11 13 earnings on moneys deposited in the fund shall be credited to
11 14 the fund.

11 15 2. Moneys available in the fund for a fiscal year are
11 16 appropriated to the administrator to be used to provide the
11 17 state match for account holder deposits in accordance with
11 18 section 541A.3. At least eighty=five percent of the amount
11 19 appropriated shall be used for state match payments and the
11 20 remainder may be used for the administrative costs of the
11 21 operating organization. Administrative costs include but are
11 22 not limited to accounting services, curriculum costs for

11 23 financial education or asset-specific training, and costs for
 11 24 technical assistance contractors.
 11 25 Sec. 17. INDIVIDUAL DEVELOPMENT ACCOUNT RULES ==
 11 26 TRANSITION, EFFECTIVE DATE, AND APPLICABILITY.
 11 27 1. The division of community action agencies of the
 11 28 department of human rights shall administer individual
 11 29 development accounts in accordance with the administrative
 11 30 rules pertaining to the accounts in 441 IAC ch. 10, in place
 11 31 of the department of human services until replacement
 11 32 administrative rules are adopted. The commission on community
 11 33 action agencies may adopt emergency rules under section 17A.4,
 11 34 subsection 2, and section 17A.5, subsection 2, paragraph "b",
 11 35 to implement the provisions of this Act and the rules shall be
 12 1 effective immediately upon filing unless a later date is
 12 2 specified in the rules. Any rules adopted in accordance with
 12 3 this subsection shall also be published as a notice of
 12 4 intended action as provided in section 17A.4.
 12 5 2. This division of this Act, being deemed of immediate
 12 6 importance, takes effect upon enactment.
 12 7 3. The change from "savings refund" to "state match" as
 12 8 authorized in section 422.7, subsection 28, and section
 12 9 541A.3, as amended by this Act, is retroactively applicable to
 12 10 January 1, 2008, for the tax year commencing on January 1,
 12 11 2008.

12 12 DIVISION IV
 12 13 APPROPRIATIONS

12 14 Sec. 18. COMMUNITY MICROENTERPRISE DEVELOPMENT
 12 15 ORGANIZATION GRANTS == APPROPRIATION.
 12 16 1. There is appropriated from any interest or earnings on
 12 17 moneys in the grow Iowa values fund to the department of
 12 18 economic development for the fiscal year beginning July 1,
 12 19 2008, and ending June 30, 2009, the following amount, or so
 12 20 much thereof as is necessary, to be used for the purposes
 12 21 designated:

12 22 For competitive grants to community microenterprise
 12 23 development organizations, including salaries, support,
 12 24 maintenance, miscellaneous purposes, and for not more than the
 12 25 following full-time equivalent positions:
 12 26 \$ 475,000
 12 27 FTEs 1.00

12 28 2. Of the moneys appropriated in subsection 1, not more
 12 29 than \$80,000 shall be expended on any one community
 12 30 microenterprise development organization.

12 31 3. From the moneys appropriated in subsection 1, the
 12 32 department shall award grants to at least three community
 12 33 microenterprise development organizations in rural areas of
 12 34 the state that show an economic growth rate lower than the
 12 35 average economic growth rate of the state.

13 1 4. From the moneys appropriated in subsection 1, the
 13 2 department shall award grants to at least two community
 13 3 microenterprise development organizations in neighborhoods in
 13 4 urban areas of the state that show high rates of poverty and
 13 5 signs of economic distress.

13 6 5. Of the moneys appropriated in subsection 1, not more
 13 7 than \$80,000 may be used for a full-time equivalent staff
 13 8 person to administer the community microenterprise development
 13 9 organization grants.

13 10 6. Of the moneys appropriated in subsection 1, not more
 13 11 than \$20,000 may be used to contract with an expert in
 13 12 microenterprise development for consultation, technical
 13 13 assistance, and recommendations regarding best practices and
 13 14 industry standards for the development of community
 13 15 microenterprises.

13 16 Sec. 19. WATER TRAILS AND LOW HEAD DAM PUBLIC HAZARD
 13 17 STATEWIDE PLAN == APPROPRIATION. There is appropriated from
 13 18 any interest or earnings on moneys in the grow Iowa values
 13 19 fund to the department of natural resources for the fiscal
 13 20 year beginning July 1, 2008, and ending June 30, 2009, the
 13 21 following amount, or so much thereof as is necessary, to be
 13 22 used for the purposes designated:

13 23 For the establishment and administration of a water trails
 13 24 and low head dam public hazard statewide plan, including
 13 25 salaries, support, maintenance, and miscellaneous purposes:
 13 26 \$ 250,000

13 27 Sec. 20. RIVER ENHANCEMENT COMMUNITY ATTRACTION AND
 13 28 TOURISM FUND == APPROPRIATION. There is appropriated from any
 13 29 interest or earnings on moneys in the grow Iowa values fund
 13 30 for deposit in the river enhancement community attraction and
 13 31 tourism fund created in section 15F.205 for the fiscal year
 13 32 beginning July 1, 2008, and ending June 30, 2009, the
 13 33 following amount, or so much thereof as is necessary, to be

13 34 used for the purpose designated:
 13 35 For financial assistance to applicants under section
 14 1 15F.205:
 14 2 \$ 2,000,000
 14 3 Sec. 21. INDIVIDUAL DEVELOPMENT ACCOUNTS == STATE MATCH
 14 4 FUND APPROPRIATION. There is appropriated from the general
 14 5 fund of the state to the department of human rights for the
 14 6 fiscal year beginning July 1, 2008, and ending June 30, 2009,
 14 7 the following amount, or so much thereof as is necessary, to
 14 8 be used for the purposes designated:
 14 9 To be credited to the individual development account state
 14 10 match fund created in this Act:
 14 11 \$ 150,000
 14 12 FTEs .50
 14 13 Of the funds appropriated in this section, \$50,000 may be
 14 14 used by the department to administer an individual development
 14 15 account program and to contract with the Iowa community action
 14 16 association for the implementation, outreach, and technical
 14 17 assistance to local community organizations engaged in efforts
 14 18 to encourage savings by, and increase the financial literacy
 14 19 of, Iowa families. Any remaining funds shall be utilized to
 14 20 implement the individual development account program as
 14 21 described in section 541A.7.
 14 22 EXPLANATION
 14 23 This bill relates to economic development by creating a
 14 24 community microenterprise development organization grant
 14 25 program, a microenterprise development advisory committee, and
 14 26 a river enhancement community attraction and tourism fund.
 14 27 The bill directs the department of economic development to
 14 28 award grants to community microenterprise development
 14 29 organizations. Microenterprises are businesses with five or
 14 30 fewer employees that lack collateral for loans and have
 14 31 difficulty securing financing. The bill requires the
 14 32 department to consider the following criteria in awarding
 14 33 grants: the overall geographic diversity of the applicants,
 14 34 the ability of a community microenterprise development
 14 35 organization to provide services to low-income individuals and
 15 1 underserved communities, the scope and efficient delivery of
 15 2 the services offered, the ability to monitor the progress of
 15 3 clients, the ability to build relationships and coordinate
 15 4 resources with other entities, the ability to coordinate
 15 5 activities with targeted small business advocate services, the
 15 6 amount and sufficiency of available operating funds, and any
 15 7 other criteria the department deems reasonable.
 15 8 The bill establishes a microenterprise development advisory
 15 9 committee within the department of economic development and
 15 10 directs the committee to study and make recommendations to the
 15 11 department regarding the development of microenterprises.
 15 12 The bill extends the community attraction and tourism
 15 13 program at its current funding levels through the fiscal year
 15 14 ending June 30, 2013. The program is currently funded each
 15 15 year by a \$5 million appropriation from the rebuild Iowa
 15 16 infrastructure fund and a \$7 million appropriation from the
 15 17 franchise tax revenues deposited in the general fund of the
 15 18 state.
 15 19 The bill also expands the scope of the community attraction
 15 20 and tourism program by creating a river enhancement community
 15 21 attraction and tourism fund and directing the vision Iowa
 15 22 board to expend any moneys appropriated to the fund for the
 15 23 enhancement of recreational opportunities on and near rivers
 15 24 in cities across the state.
 15 25 The bill relates to individual development accounts
 15 26 authorized for certain individuals with low income. Under
 15 27 current law in Code chapter 541A, the department of human
 15 28 services administers the accounts through operating
 15 29 organizations who certify the accounts. Account holder
 15 30 deposits may be matched by operating organizations, federal
 15 31 individual development account funding, and state savings
 15 32 refunds providing a state match for the deposits of account
 15 33 holders with family incomes of 200 percent or less of the
 15 34 federal poverty level. The state savings refund amount ranges
 15 35 from 15=25 percent of account holder deposits, depending on
 16 1 income. Interest and earnings on the accounts and the
 16 2 deposits made to an account by others is exempt from state
 16 3 income tax. Withdrawals from an account must be approved by
 16 4 the operating organization for one of the following approved
 16 5 purposes: higher education costs, training programs, purchase
 16 6 of a primary residence or improvements to such residence,
 16 7 capitalization of a small business start-up, or certain
 16 8 emergency medical costs.
 16 9 The bill makes a number of changes to the requirements for

16 10 individual development accounts. New approved purposes for
16 11 using the accounts are provided authorizing purchase of an
16 12 automobile, purchase of assistive technology to assist an
16 13 account holder or family member with a disability, or for
16 14 other purposes approved in rule. The maximum amount of
16 15 deposits of principal to an account is reduced from \$50,000 to
16 16 \$30,000. Administration of the program is moved from the
16 17 department of human services to the division of community
16 18 action agencies of the department of human rights.
16 19 Requirements for household income determinations and other
16 20 procedures for the accounts are required to be adopted in rule
16 21 by the commission on community action agencies. The division
16 22 of community action agencies is required to utilize a request
16 23 for proposals process for selection of operating organizations
16 24 and approval of financial institutions.

16 25 The bill includes a temporary authorization for operation
16 26 of the accounts in accordance with the rules adopted by the
16 27 department of human services until replacement rules are
16 28 adopted. The commission may adopt the replacement rules using
16 29 emergency procedures which forego public comment and review by
16 30 the administrative rules review committee.

16 31 The state savings refund is changed to a state match and is
16 32 increased to 100 percent of account holder deposits. The
16 33 current state match limit of a percentage of account holder
16 34 deposits of up to \$2,000 per calendar year is charged with an
16 35 overall limit of \$2,000. If funding is available the
17 1 commission may authorize implementing refugee accounts with
17 2 withdrawals approved for the special needs of refugee
17 3 families. Code section 422.7, providing for adjustments to
17 4 income for purposes of determining net income under the state
17 5 income tax, is amended to include a reference to state match
17 6 payments in the exemption provision relating to individual
17 7 development accounts. The provisions of the bill referencing
17 8 the state match payment are retroactively applicable to
17 9 January 1, 2008, for the tax year beginning on that date.

17 10 An individual development account state match fund is
17 11 created in new Code section 541A.7 with a standing
17 12 appropriation of any moneys available in the fund to the
17 13 division for payments of state matches. The division of
17 14 community action agencies is authorized to revise the match
17 15 payment provisions as necessary to restrict payments to the
17 16 funding available. A requirement for the program
17 17 administrator to work with the federal government and the
17 18 state's congressional delegation to secure federal tax
17 19 exemption for the accounts and account earnings and to report
17 20 annually is repealed. A portion of any appropriations from
17 21 the fund may be used for administrative costs.

17 22 This division of the bill relating to individual
17 23 development accounts takes effect upon enactment.

17 24 The bill appropriates a total of \$2,875,000 from interest
17 25 earned on the moneys in the grow Iowa values fund to a number
17 26 of different programs and funds. First, the bill appropriates
17 27 \$475,000 for the administration and awarding of grants to
17 28 community microenterprise development organizations. Second,
17 29 the bill appropriates \$250,000 to the department of natural
17 30 resources for the administration of a water trails and low
17 31 head dam statewide plan. Third, the bill appropriates
17 32 \$2,000,000 to the river enhancement community attraction and
17 33 tourism fund. Fourth, the bill appropriates \$150,000 to the
17 34 individual development account state match fund.

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